

BALL JANIK LLP

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KARI MORELL



March 6, 2009

BY HAND DELIVERY

The Honorable Anne K Quinlan
Acting Secretary
Surface Transportation Board
395 E Street S W
Washington, DC 20423-0001

ENTERED
Office of Proceedings
MAR 6 - 2009
Part of
Public Record

Re STB Finance Docket No. 35227, Middletown and New Jersey
Railroad, LLC – Acquisition and Operation Exemption – Middletown
& New Jersey Railway Co., Inc.

Dear Acting Secretary Quinlan

Attached for filing are the original and ten copies of a Verified Notice of Exemption under 49 C F R § 1150.31 and a check covering the \$1,800 filing fee. Also enclosed is a Disc containing the Notice and Summary.

Please time and date stamp the extra copy of the Notice of Exemption and return it with our messenger.

If you have any questions, please contact me.

Sincerely yours,

Karl Morell

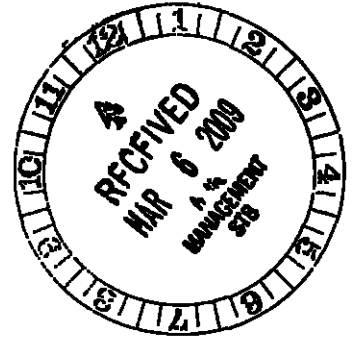
Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO 35227

MIDDLETOWN AND NEW JERSEY RAILROAD, LLC
--ACQUISITION AND OPERATION EXEMPTION--
MIDDLETOWN & NEW JERSEY RAILWAY CO., INC

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1150.31, Et Seq.



FILED
MAR 3 - 2009
SURFACE
TRANSPORTATION BOARD

ENTERED
Office of Proceedings
MAR 6 - 2009
Part of
Public Record

FEE RECEIVED

MAR 6 - 2009
SURFACE
TRANSPORTATION BOARD
KARI MORELL
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorneys for
Middletown and New Jersey Railroad, LLC

Dated March 6, 2009

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO 35227

MIDDLETOWN AND NEW JERSEY RAILROAD, LLC
--ACQUISITION AND OPERATION EXEMPTION--
MIDDLETOWN & NEW JERSEY RAILWAY CO , INC.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C F R § 1150 31, Et Seq

Middletown and New Jersey Railroad, LLC ("Middletown"), a non-carrier, files this Notice of Exemption pursuant to 49 C F R Part 1150, Subpart D--Exempt Transactions, to permit Middletown to acquire a 6.5-mile rail line from Middletown & New Jersey Railway Co , Inc ("M&NJ")

In support of this Notice of Exemption, Middletown submits the following information as required by 49 C F R § 1150 33

- (a) Full name and address of applicant

Middletown and New Jersey Railroad, LLC
505 S. Broad Street
Kennett Square, PA 19348

- (b) Applicant's Representative

Karl Morell
Of Counsel
BALL JANIK LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005
(202) 638-3307

(c) Statement of Agreement

Middletown will shortly enter into an agreement with M&NJ for the acquisition of the rail line

(d) The operator of the property

Middletown will be the operator of the property

(e) Summary of proposed transaction

(1) The name and address of the railroad transferring the subject property is:

**Middletown & New Jersey Railway Co , Inc
140 East Main Street
Middletown, New York 10940**

(2) The involved transaction is expected to be consummated on or shortly after April 5, 2009

(3) The M&NJ rail line Middletown is acquiring is located between Milepost 0 0, at Middletown, NY, and Milepost 6.5, at Slate Hill, NY

(4) The length of the rail line is 6 5 miles

(f) A map of the rail line is attached as Exhibit 1

(g) Middletown hereby certifies that Middletown's revenues as a result of this transaction will not result in Middletown becoming a Class II or Class I rail carrier

Middletown further certifies that the projected annual revenue of Middletown will not exceed \$5 million as a result of this transaction Accordingly, the requirements of 49 C F R. § 1150.32(e) do not apply to this transaction

The Purchase and Sale Agreement between Middletown and M&NJ will not contain a provision prohibiting Middletown from interchanging traffic with a third party

A caption summary, as required by 49 C F R § 1150.34, is attached

ENVIRONMENTAL AND HISTORIC IMPACTS

Middletown is acquiring the rail line for continued rail operations. Further Board approval is required for Middletown to abandon any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C F R § 1105.8(b)(1).

Middletown's acquisition of the line will not result in any changes in carrier operations. There will not be a diversion of (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of this line to motor carriage. This transaction will not result in (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the line, (2) an increase of rail yard activity of at least 100 percent, or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. The acquisition of the rail line will not affect a Class I or nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C F R § 1105.7(e)(5)(ii) will not be exceeded. Finally, the transportation of ozone depleting materials is not contemplated. Therefore, no environmental documentation is required under 49 C F R § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation

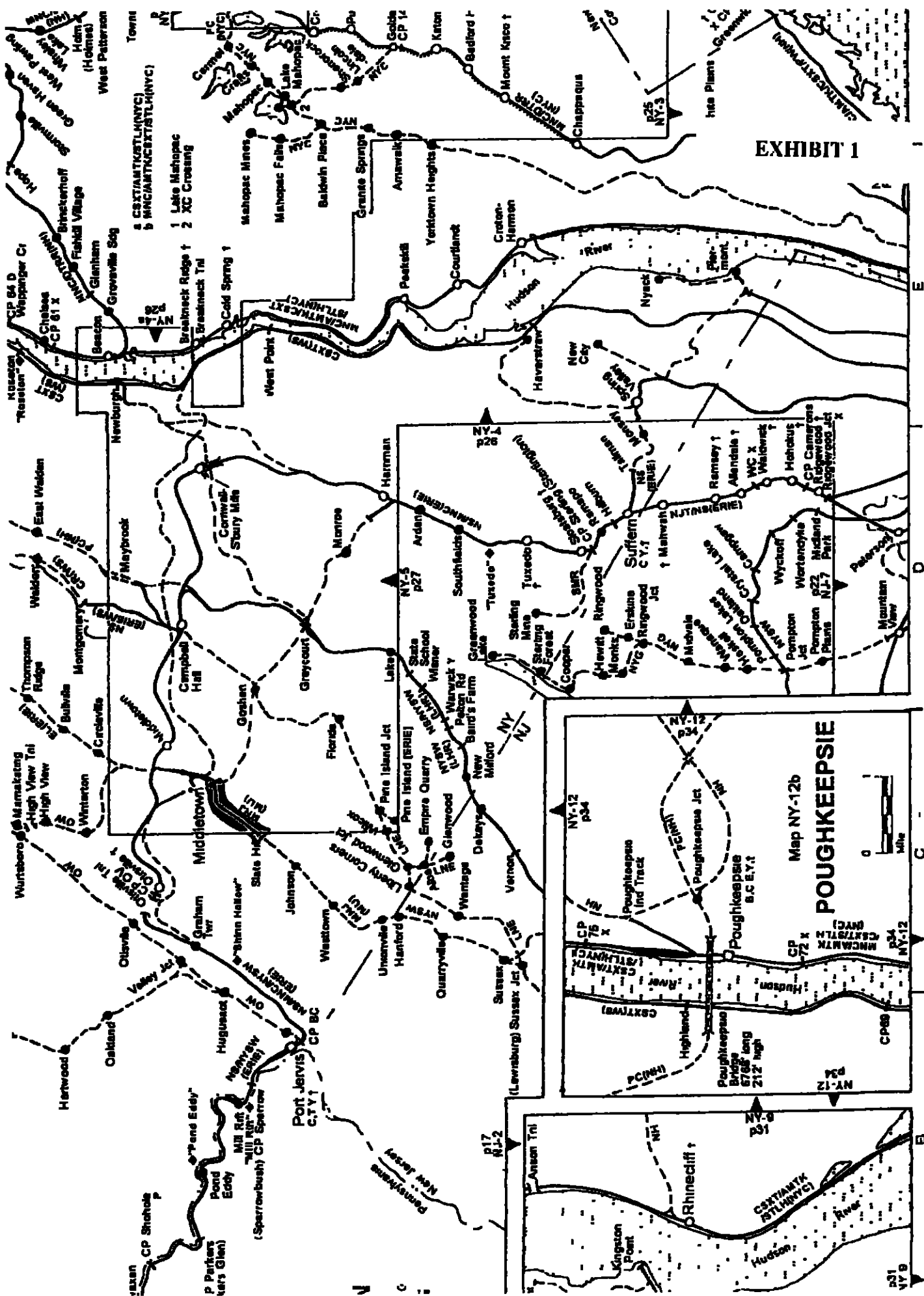
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karl Morfili", written over a horizontal line.

KARL MORFILI
Of Counsel
BAIL JANIK LLP
Suite 225
1455 F Street, N.W
Washington, DC 20005
(202) 638-3307

Attorneys for
MIDDLETOWN AND NEW JERSEY
RAILROAD, LLC

Dated March 6, 2009



SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO 35227

**MIDDLETOWN AND NEW JERSEY RAILROAD, LLC
--ACQUISITION AND OPERATION EXEMPTION--
MIDDLETOWN & NEW JERSEY RAILWAY CO . INC**

Middletown and New Jersey Railroad, LLC ("Middletown"), a non-carrier, has filed a notice of exemption to acquire from the Middletown & New Jersey Railway Co , Inc., the rail line located between Milepost 0 00, at Middletown, NY. and Milepost 6 5, at Slate Hill, NY

Comments must be filed with the Board and served on Karl Morell, Of Counsel, BALL JANIK LLP, Suite 225, 1455 F Street, N W . Washington, DC 20005, (202) 638-3307.


This transaction is related to STB Finance Docket No 35228, Regional Rail, I.I.C – Continuance In Control Exemption – Middletown and New Jersey Railroad, L.I.C., wherein Regional Rail, I.I.C has concurrently filed a verified notice to continue in control of Middletown upon Middletown becoming a Class III rail carrier

This notice is filed under 49 C F R 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction

VERIFICATION

STATE OF PENNSYLVANIA)
) ss
COUNTY OF CHESTER)

I, Robert C Parker, being duly sworn depose and state that I am President and Chief Executive Officer of the Middletown and New Jersey Railroad, I.I.C, that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief .



Robert C Parker

NOTARY PUBLIC
DIANE G. KLEIN
Notary Public
KENNETT SQUARE BORO, CHESTER COUNTY
My Commission Expires Sep 3, 2012

SUBSCRIBED AND SWORN TO before me this 5 day of March, 2009, in the County of Chester, State of Pennsylvania.

My Commission Expires Sept 3, 2012



Notary Public